

# Strengthening our Frontlines

## Securing Provider Status for Delaware's Pharmacists



A special report by  
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**Dear fellow Delawareans,**

As I have discussed previously, the rising costs of healthcare are a major concern for many Americans. This report highlights some of the unsustainable conditions affecting pharmacies and the necessary changes that could improve quality of care and ensure sustained access to the services we depend on.

According to annual polling by Gallup, pharmacists are highly educated individuals and are consistently in the top 5 most-trusted professions. Despite widespread support, pharmacies across the country are affected by antiquated models that ask pharmacists to do more with less. It is no surprise that without adequate support, many pharmacies across the country have been forced to close – reducing quality of care, access to care, and consumer choice.

At the beginning of the COVID-19 state of emergency, the U.S. Department of Health and Human Services (HHS) expanded the scope of authority for licensed pharmacists to order and administer select COVID-19 therapeutics. According to the American Association of Medical Colleges, the country is currently facing a shortage of roughly 43,000 physicians across the country, while over 90% of Americans live within 5 miles of a pharmacy.

The HHS' changes have allowed the public greater access to prevention and treatment options to combat the ongoing public health emergency. Pharmacists have worked alongside fellow healthcare heroes as frontline workers to develop protocols, administer vaccinations, establish and operate testing clinics, and provide curbside delivery for pre-pandemic health maintenance. It is time to consider instituting lasting changes to pharmacists' scope of authority.

If pharmacists can be trusted to administer vaccinations during emergency situations, they can and should be trusted to continue their life-saving work throughout the pandemic and the return to normal. A growing number of states have acknowledged the sense of urgency to increase the number of healthcare providers, with 37 states passing reimbursement and provider status legislation for pharmacists. In the last year, 213 bills were introduced in 43 states in an attempt to codify federal and state emergency authority granted during the pandemic. It is time that Delaware's federal and state legislators cement pharmacists' ability into law and remove obstacles that prevent these trusted healthcare professionals from doing their job and being justly compensated like other healthcare professionals. Doing so will increase the economy and efficiency of state government spending by redirecting patients seeking acute care.

Thank you for the opportunity to serve you.

Sincerely,

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Delaware State Auditor

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## Glossary of Terms

- **Current Procedural Terminology (CPT):** A set of codes, descriptions, and guidelines intended to describe procedures and services performed by physicians and other health care providers.
- **Health Professional Shortage Area (HPSA):** Geographic areas, populations, or facilities with a shortage of primary, dental or mental health care providers.
- **Managed Care Organization (MCO):** A health care company or a health plan that is focused on managed care as a model to limit costs, while keeping quality of care high.
- **Medical Loss Ratio:** A basic financial measurement used in the Affordable Care Act to encourage health plans to provide value to enrollees.
- **Pharmacy Benefits Manager (PBM):** Companies that manage prescription drug benefits on behalf of health insurers, Medicare Part D drug plans, large employers, and other payers.
- **Scope of Practice:** Services a qualified health professional is deemed able to perform, and permitted to undertake – in keeping with the terms of their professional license.

## Observations & Recommendations

Improving quality of care, increasing access to care, and decreasing healthcare costs depend on the availability of healthcare providers. According to the American Association of Medical Colleges, there is currently a shortage of roughly 43,000 physicians nationwide, and Delaware is no exception. This shortage is most notable in Delaware's rural and urban areas, where the physician-to-patient ratio is nearly double that of the national standard noted by the Kaiser Family Foundation as being 1 physician to 3,500 patients. However, over 90% of Americans live within 5 miles of a pharmacy.

### Observations:

- 1) Medicaid dictates that pharmacists be able to render and be reimbursed for services provided to both Medicaid fee-for-service and managed care beneficiaries. Medicaid regulations intended that reimbursement for pharmacist services would apply to the managed care organizations' medical loss ratio and not their administrative costs similar to other health care professionals.
- 2) A full 25% of Delawareans live in a Health Professional Shortage Area (HPSA). Delaware ranks 48th in the nation for access to care in a designated HPSA. For primary medical care, the population-to-provider ratio must be above 3,500 to 1 (3,000 to 1 if there are unusually high needs in the community) to be considered a HPSA.

### Recommendations:

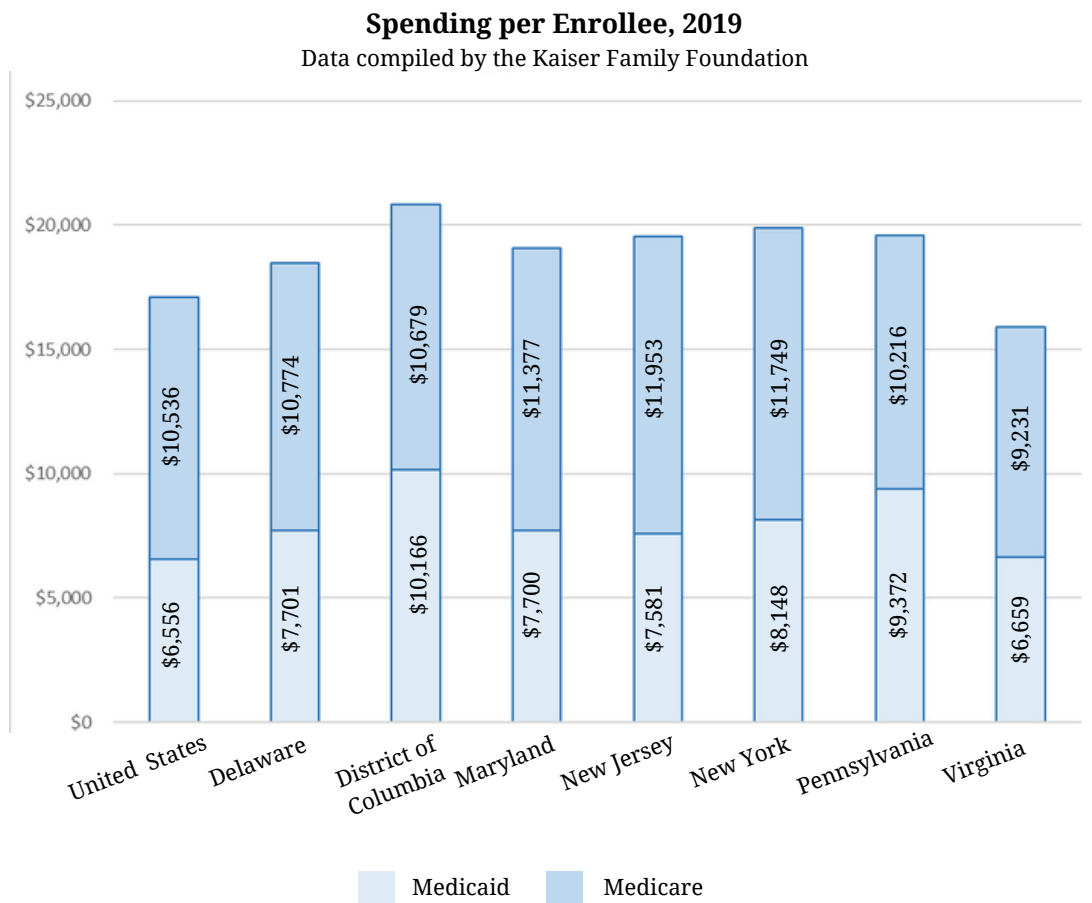
- 1) Introduce and pass my proposed legislation to allow pharmacists to render and be reimbursed for services provided in all outpatient care settings, including, but not limited to, in the office, the patient's house, a hospital, a skilled nursing home, a pharmacy, a federally qualified health center, and a rural health clinic. Services should be reimbursed under the medical benefit using current procedural terminology (CPT) codes similar to those used by other health care professionals (physicians, advanced practice registered nurses, physician assistants, etc.) providing outpatient services.
- 2) The Delaware Department of Health and Social Services needs to apply to the U.S. Department of Health and Human Services for any amendment to the state Medicaid plan or for any Medicaid waiver necessary to implement.



## Cost Savings

According to the federal Centers for Medicare & Medicaid Services, the U.S. spends 32% of its healthcare budget on hospitalizations. Delaware has the 6th highest spending in the country per patient and, as with national trends, the majority of that cost stems from patients being forced to seek medical care at a hospital.

A 2020 publication by Michael Murphy, Jennifer Rodis, and Henry Mann on the topic of "pharmacists' value" identified 3 common areas where a pharmacist has economic impact: (1) decreased total health expenditures, (2) decreased unnecessary care (e.g., fewer hospitalizations, emergency department visits, and physician visits), and (3) decreased societal costs (e.g., missed or nonproductive workdays). The average return on investment revealed that an investment of \$1 in pharmacist-provided care results in \$4 of cost savings, exemplified in a study of Ohio cost savings through services offered to Medicaid beneficiaries. Additionally, a 2018 study in southwest Virginia estimated cost savings of \$2,619 per patient, a return on investment of 504%, when utilizing pharmacists in a collaborative care model.<sup>2</sup> Another study done in the same year showed that pharmacy teleservice programs in Massachusetts not only led to decreased emergency department visits and hospital admissions, but also a median cost savings of \$538 per Medicare beneficiary, per year.<sup>3</sup> The graph below shows the average Medicare and Medicaid spending per enrollee in the United States, Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania, and Virginia.

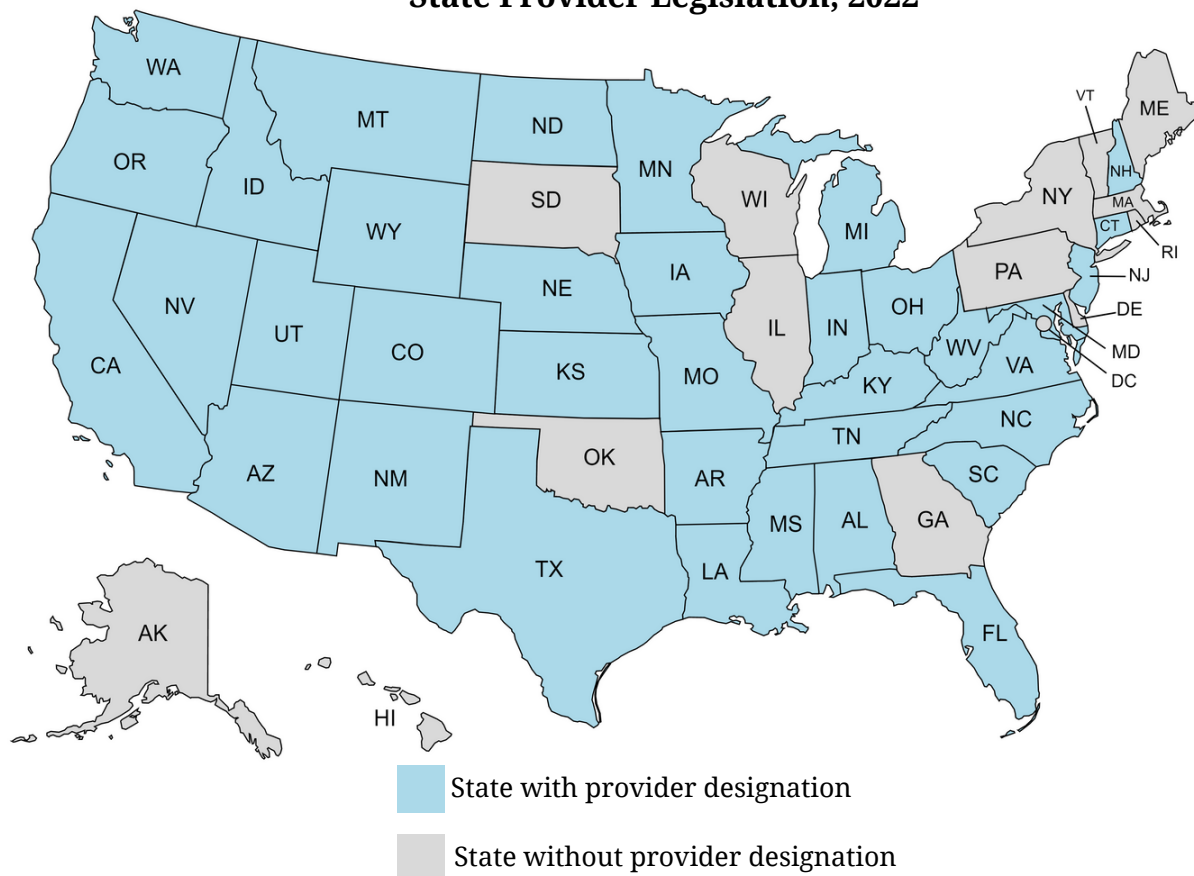


## Legislation at the Federal and State Levels

In April 2021, Congressman G. K. Butterfield (D-NC-1) introduced the bipartisan Pharmacy and Medically Underserved Areas Enhancement Act in the U.S. House of Representatives. This bill would allow pharmacists to be reimbursed for certain healthcare services. Specifically, the bill allows for Part B reimbursement in Medically Underserved Areas (MUAs), Medically Underserved Populations (MUPs), or Health Professional Shortage Areas (HPSAs) as designated by the U.S. Department of Health and Human Services' Health Resources and Services Administration (HRSA). Although sponsors of this federal legislation David McKinley (R-WV), G.K. Butterfield (D-NC), Charles Grassley (R-IA), Bob Casey (D-PA), and Sherrod Brown (D-OH) have highlighted the urgency to set provider status for pharmacists, the bill has not been set for a vote. Moreover, this is not the first attempt at a rare solution to increase accessibility of patient care while simultaneously decreasing healthcare cost. Similar legislation was proposed in 2013 during the 113th Congress; and subsequently during the 114th and 115th Congress, however setting provider status for pharmacists has yet to become law.

A growing number of states have acknowledged the sense of urgency to increase the number of healthcare providers, with 37 states passing comparable reimbursement and provider status legislation. In the last year alone, 213 bills were introduced in 43 states in an attempt to codify federal and state emergency authority granted to pharmacists during the pandemic.

**State Provider Legislation, 2022**





# Benefits

**A variety of stakeholders will benefit from this policy, including patients, health plans, and pharmacists.**

- **Patients.** Within the next 10 years, the U.S. could see a shortage of over 43,000 primary care physicians<sup>4</sup>. In Delaware there are 11 areas that are designated Health Professional Shortage Areas.<sup>5</sup> There are hundreds of pharmacists in Delaware who are ready to provide valuable healthcare services to these communities that have limited access to care.<sup>6</sup> By realigning financial incentives and reimbursing pharmacists for their services similar to other health care professionals, there will be greater access to the vital health care services pharmacists provide. Extensive published evidence, such as the hundreds of studies highlighted in the "Report to the U.S. Surgeon General: Improving Patient and Health System Outcomes through Advanced Pharmacy Practice" showcase the positive therapeutic outcomes for patients that come when pharmacists are more involved in their care.<sup>7</sup>
- **Health Plans.** Some health plans may be initially opposed to the addition of a provider type that can render services as there may be an assumption, that it will result in an increase in health care expenditures. However, this is an incorrect assumption, as exhaustive published literature has shown there is a significant return on investment and long-term cost savings when pharmacists are more involved in the provision of patient care. Compilations of studies have found themes in these cost savings, including "decreased total health expenditures, decreased unnecessary care (e.g., fewer hospitalizations, emergency department [ED] visits, and physician visits), and decreased societal costs (e.g., missed or nonproductive workdays)."<sup>8</sup> By investing in the pharmacist, health plans will see a return on their investment in decreased health care expenditures, more controlled chronic conditions, and decreased hospitalizations".
- **Pharmacists.** The current business model that pharmacists practice within is unsustainable. As their role has evolved to encompass a greater focus on the provision of services, a reimbursement methodology was not created and pharmacists provided these services in addition to the traditional method of generating revenue by dispensing medications. Unfortunately, due to the practices of other entities in the supply chain, such as pharmacy benefit managers, the dispensing of medications alone does not sustainably generate revenue for the variety of services pharmacists provide to communities. This unsustainable model results in pharmacy closures, often in racial and ethnic minorities<sup>9</sup> and rural communities;<sup>10</sup> dramatically limiting patient access to care. The pandemic has worsened this problem and there have been reports across the country of pharmacies closing and patients not being able to fill medications.<sup>11, 12</sup> Aligning the pharmacist reimbursement practices with the provision of services, comparable to other health care professionals, will allow many of these cornerstones of communities to remain open, providing vital care to patients.



## Endnotes

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